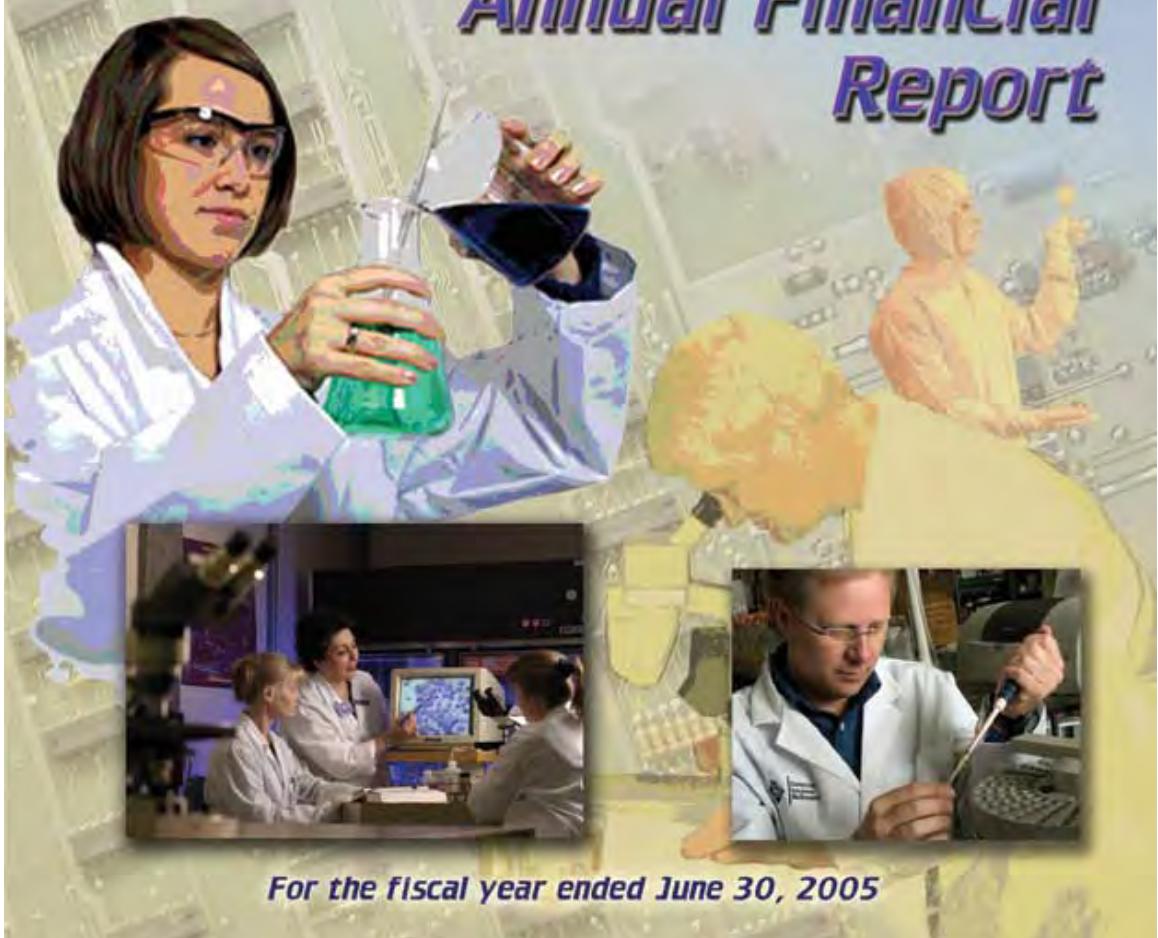




State of
Utah
Comprehensive
Annual Financial
Report



For the fiscal year ended June 30, 2005

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2005

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Jon M. Huntsman, Jr	Governor
Gary R. Herbert.....	Lt. Governor
Auston G. Johnson, CPA	State Auditor
Edward T. Alter, CPA.....	State Treasurer
Mark L. Shurtleff	Attorney General
John L. Valentine	President of the Senate
Greg J. Curtis	Speaker of the House
Christine M. Durham	Chief Justice, Supreme Court

OTHER STATE OFFICIALS

D'Arcy Dixon Pignanelli	Executive Director, Dept. of Administrative Services
John C. Reidhead, CPA	Director, Division of Finance
Richard K. Ellis.....	Director, Office of Planning and Budget
John E. Massey	Legislative Fiscal Analyst
John M. Schaff, CIA	Legislative Auditor General
Michael E. Christensen	Director, Legislative Research and General Counsel

ACKNOWLEDGMENTS

Report prepared by:

Division of Finance, Accounting Standards and Financial Reporting Section

Marcie L. Handy, CPA

Jason K. Nielsen, CPA

Eugene F. Baird

Brett R. Barney, CPA

Lynn G. Bodrero, CPA

Darin C. Janzen

Henry Johnston, CPA

Lynda B. McLane, CPA

Deborah S. Memmott

Gary E. Morris, CPA

David H. Pierce, CPA

Jill Ressler

Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

Table of Contents

INTRODUCTORY SECTION

	Page
Title page – Acknowledgments	1
Table of Contents.....	2
Letter of Transmittal	4
Certificate of Achievement for Excellence in Financial Reporting	9
State of Utah Organization Chart.....	10

FINANCIAL SECTION

Independent State Auditor's Report.....	12
Management's Discussion and Analysis.....	14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	27
Statement of Activities.....	28
Governmental Fund Financial Statements	
Balance Sheet.....	32
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	34
Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	38
Proprietary Fund Financial Statements	
Statement of Net Assets	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets	42
Statement of Cash Flows	44
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets.....	49
Statement of Changes in Fiduciary Net Assets	50
Component Unit Financial Statements	
Combining Statement of Net Assets	52
Combining Statement of Activities	54
Notes to the Financial Statements	56

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	106
Budgetary Comparison Schedule – Uniform School Fund	107
Budgetary Comparison Schedule – Transportation Fund	108
Budgetary Comparison Schedule – Centennial Highway Fund	109
Budgetary Comparison Schedule – Budget to GAAP Reconciliation.....	110
Notes to Required Supplementary Information – Budgetary Reporting	111
Information about Infrastructure Assets Reported Using the Modified Approach.....	112

Supplementary Information – Combining Statements and Individual Fund Statements and Schedules

Governmental Funds	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	122
Budgetary Compliance	
Detail Schedule of Expenditures – Budget and Actual Comparison – General Fund.....	126
Detail Schedule of Expenditures – Budget and Actual Comparison – Uniform School Fund, Transportation Fund, Centennial Highway Fund, and Debt Service Funds	138

Supplementary Information – Combining Statements and Individual Fund Statements and Schedules (continued)

Proprietary Funds	
Nonmajor Enterprise Funds	
Combining Statement of Net Assets.....	142
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	144
Combining Statement of Cash Flows	146
Internal Service Funds	
Combining Statement of Net Assets.....	152
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	154
Combining Statement of Cash Flows	156
Fiduciary Funds	
Defined Benefit Pension Plans and Other Pension Trust Funds	
Combining Statement of Fiduciary Net Assets.....	162
Combining Statement of Changes in Fiduciary Net Assets	164
Private Purpose Trust Funds	
Combining Statement of Fiduciary Net Assets.....	166
Combining Statement of Changes in Fiduciary Net Assets	168
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities.....	170
Combining Statement of Changes in Assets and Liabilities	171
Component Units	
Nonmajor Component Units	
Combining Statement of Net Assets.....	174
Combining Statement of Activities	176

STATISTICAL SECTION

General Governmental Expenditures and Other Uses by Function – For the Last Ten Fiscal Years	180
General Governmental Revenues by Source and Liquor Control Profit Transfer – For the Last Ten Fiscal Years	181
General Obligation Bonds.....	182
Ratio of Net General Bonded Debt to Fair Market Value and Net Bonded Debt Per Capita – For the Last Ten Fiscal Years.....	182
Calculation of Legal Debt Limits – For the Last Ten Fiscal Years	183
Statutory Debt Limit	183
Net General Obligation Bonded Debt Per Capita – For the Last Ten Fiscal Years	183
Ratio of Debt Service Expenditures to General and to All Governmental Fund Type Expenditures – For the Last Ten Fiscal Years.....	184
Enterprise Funds Revenue Bond Coverage – For the Last Ten Fiscal Years	184
Revenue Bonds	185
Population	191
Taxable Retail Sales and Personal Income – For the Last Ten Calendar Years	191
Personal Income by Sector – For the Last Four Calendar Years	192
Composition of Labor Force – Annual Average – For the Last Five Calendar Years.....	193
Average Annual Unemployment Rate – For the Last Five Calendar Years	193
Gross Taxable Retail Sales and Use Tax Purchases – For the Last Five Calendar Years	194
Bank Deposits – For the Last Ten Fiscal Years	194
Largest Employers	195
Graph of Revenues and Expenditures – All Governmental Fund Types – For the Last Five Fiscal Years	196
Graph of Expenditures – Historical and Constant Dollars – All Governmental Fund Types – For the Last Five Fiscal Years.....	197
Graph of Per Capita Expenditures – Historical and Constant Dollars – All Governmental Fund Types – For the Last Five Fiscal Years.....	198

State of Utah

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

State of Utah

Statement of Net Assets

June 30, 2005

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities		Business-type Activities	
	Total			
ASSETS				
Cash and Cash Equivalents	\$ 997,993	\$ 752,333	\$ 1,750,326	\$ 1,168,714
Investments	1,103,883	188,335	1,292,218	804,640
Taxes Receivable, net	693,516	—	693,516	—
Accounts and Interest Receivable, net	485,638	127,762	613,400	318,588
Amounts Due From:				
Component Units	24,676	—	24,676	—
Prepaid Items	2,252	2,490	4,742	17,602
Inventories	15,396	19,604	35,000	40,258
Internal Balances	6,651	(6,651)	—	—
Restricted Investments	—	88,725	88,725	546,715
Deferred Charges	4,480	22,089	26,569	35,004
Notes/Loans/Mortgages/Pledges Receivable, net	18,065	2,181,299	2,199,364	1,004,763
Other Assets	5,570	—	5,570	12,597
Capital Assets:				
Land and Related Non-depreciable Assets	743,977	22,314	766,291	124,838
Infrastructure	7,545,349	—	7,545,349	—
Construction in Progress	594,099	479	594,578	137,483
Buildings, Equipment, and Other Depreciable Assets	1,658,178	57,919	1,716,097	3,656,024
Less Accumulated Depreciation	(680,962)	(18,558)	(699,520)	(1,628,584)
Total Capital Assets	<u>9,860,641</u>	<u>62,154</u>	<u>9,922,795</u>	<u>2,289,761</u>
Total Assets	<u>13,218,761</u>	<u>3,438,140</u>	<u>16,656,901</u>	<u>6,238,642</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	603,948	30,249	634,197	236,019
Amounts Due to:				
Primary Government	—	—	—	24,676
Securities Lending	—	—	—	42,345
Unearned Revenue	95,232	9,601	104,833	71,776
Deposits	—	122	122	90,965
Long-term Liabilities (Note 10)				
Due Within One Year	231,137	151,923	383,060	238,860
Due in More Than One Year	<u>1,882,465</u>	<u>1,496,612</u>	<u>3,379,077</u>	<u>1,832,193</u>
Total Liabilities	<u>2,812,782</u>	<u>1,688,507</u>	<u>4,501,289</u>	<u>2,536,834</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	8,197,279	28,419	8,225,698	1,782,291
Restricted for:				
Transportation	280,496	—	280,496	—
Public Education – Expendable	554,234	—	554,234	—
Public Education – Nonexpendable	594,251	—	594,251	—
Higher Education – Expendable	—	—	—	557,547
Higher Education – Nonexpendable	—	—	—	413,754
Debt Service	5,331	10	5,341	167,813
Unemployment Compensation and Insurance Programs ..	4,814	512,260	517,074	70,838
Loan Programs	2,478	415,845	418,323	—
Other Purposes – Expendable	76,919	—	76,919	41
Unrestricted	<u>690,177</u>	<u>793,099</u>	<u>1,483,276</u>	<u>709,524</u>
Total Net Assets	<u>\$ 10,405,979</u>	<u>\$ 1,749,633</u>	<u>\$ 12,155,612</u>	<u>\$ 3,701,808</u>

The Notes to the Financial Statements are an integral part of this statement.

State of Utah

Statement of Activities

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 240,091	\$ 99,303	\$ 111,811	\$ —
Human Services and Youth Corrections	573,154	13,193	282,196	—
Corrections, Adult	195,716	2,138	816	—
Public Safety	162,922	31,594	66,246	—
Courts	98,319	46,468	652	—
Health and Environmental Quality	1,461,016	108,406	1,034,902	—
Higher Education	694,732	282	1,344	—
Employment and Family Services	409,334	6,414	353,960	—
Natural Resources	121,714	44,842	30,230	—
Community and Economic Development	86,065	4,420	39,053	—
Business, Labor, and Agriculture	84,992	61,637	6,701	—
Public Education	2,169,071	59,213	387,181	—
Transportation	579,914	137,934	121,024	124,836
Interest and Other Charges on Long-term Debt	76,382	—	—	—
Total Governmental Activities	<u>6,953,422</u>	<u>615,844</u>	<u>2,436,116</u>	<u>124,836</u>
Business-type:				
Student Assistance Programs	95,495	87,375	29,520	—
Unemployment Compensation	142,632	221,298	24,044	—
Water Loan Programs	8,648	9,796	8,616	—
Other Business-type Activities	141,374	189,114	2,993	—
Total Business-type Activities	<u>388,149</u>	<u>507,583</u>	<u>65,173</u>	<u>0</u>
Total Primary Government	<u>\$ 7,341,571</u>	<u>\$ 1,123,427</u>	<u>\$ 2,501,289</u>	<u>\$ 124,836</u>
Component Units:				
Utah Housing Corporation	\$ 71,223	\$ 78,121	\$ —	\$ —
Public Employees Health Program	483,552	479,887	5,578	—
University of Utah	1,826,662	1,345,757	375,554	33,444
Utah State University	416,469	110,663	166,244	5,022
Nonmajor Colleges and Universities	672,450	266,975	144,630	53,218
Nonmajor Component Units	53,138	22,733	1,250	—
Total Component Units	<u>\$ 3,523,494</u>	<u>\$ 2,304,136</u>	<u>\$ 693,256</u>	<u>\$ 91,684</u>
General Revenues:				
Taxes:				
Sales and Use Tax				
Individual Income Tax Imposed for Education				
Corporate Tax Imposed for Education				
Motor and Special Fuel Taxes Imposed for Transportation				
Other Taxes				
Total Taxes				
Unrestricted Investment Income				
State Funding for Colleges and Universities				
State Funding for Other Component Units				
Gain on Sale of Capital Assets				
Miscellaneous				
Permanent Endowments Contributions				
Transfers—Internal Activities				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets—Beginning				
Adjustments to Beginning Net Assets				
Net Assets—Beginning as Adjusted				
Net Assets—Ending				

The Notes to the Financial Statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government				Component Units
Governmental Activities	Business-type Activities	Total		
\$ (28,977)	\$ —	\$ (28,977)	\$ —	
(277,765)	—	(277,765)	—	
(192,762)	—	(192,762)	—	
(65,082)	—	(65,082)	—	
(51,199)	—	(51,199)	—	
(317,708)	—	(317,708)	—	
(693,106)	—	(693,106)	—	
(48,960)	—	(48,960)	—	
(46,642)	—	(46,642)	—	
(42,592)	—	(42,592)	—	
(16,654)	—	(16,654)	—	
(1,722,677)	—	(1,722,677)	—	
(196,120)	—	(196,120)	—	
(76,382)	—	(76,382)	—	
<u>(3,776,626)</u>	<u>0</u>	<u>(3,776,626)</u>	<u>0</u>	
—	21,400	21,400	—	
—	102,710	102,710	—	
—	9,764	9,764	—	
<u>—</u>	<u>50,733</u>	<u>50,733</u>	<u>—</u>	
<u>0</u>	<u>184,607</u>	<u>184,607</u>	<u>0</u>	
<u>(3,776,626)</u>	<u>184,607</u>	<u>(3,592,019)</u>	<u>0</u>	
—	—	—	6,898	
—	—	—	1,913	
—	—	—	(71,907)	
—	—	—	(134,540)	
—	—	—	(207,627)	
—	—	—	(29,155)	
<u>0</u>	<u>0</u>	<u>0</u>	<u>(434,418)</u>	
1,697,720	14,874	1,712,594	—	
2,001,286	—	2,001,286	—	
209,403	—	209,403	—	
335,625	—	335,625	—	
275,755	—	275,755	—	
<u>4,519,789</u>	<u>14,874</u>	<u>4,534,663</u>	<u>0</u>	
17,690	3,844	21,534	1,061	
—	—	—	640,401	
—	—	—	36,164	
23,010	—	23,010	—	
24,781	226	25,007	—	
—	—	—	17,386	
9,437	(9,437)	—	—	
<u>4,594,707</u>	<u>9,507</u>	<u>4,604,214</u>	<u>695,012</u>	
818,081	194,114	1,012,195	260,594	
9,453,007	1,553,040	11,006,047	3,427,638	
134,891	2,479	137,370	13,576	
9,587,898	1,555,519	11,143,417	3,441,214	
<u>\$10,405,979</u>	<u>\$1,749,633</u>	<u>\$12,155,612</u>	<u>\$3,701,808</u>	

This page intentionally left blank.

State of Utah

Governmental Fund Financial Statements

General Fund

This fund is the principal operating fund of the State. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

Uniform School Fund

This fund is maintained to account for revenues and expenditures that mainly support public elementary and secondary schools and the State Office of Education.

Transportation Fund

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes and fees and federal funds.

Centennial Highway Fund

This fund was created by the Legislature to account for revenues and expenditures associated with specific highway projects. Funding is provided from federal funds, registration fees, sales and use taxes, appropriations, and contributions from local governments.

Trust Lands

This permanent fund accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 118.

State of Utah

Balance Sheet
Governmental Funds

June 30, 2005

(Expressed in Thousands)

	Special Revenue			
	General	Uniform School	Transportation	Centennial Highway
ASSETS				
Cash and Cash Equivalents	\$ 313,774	\$ 168,885	\$ 196,453	\$ 87,326
Investments	134,841	27,730	36,768	77,649
Receivables:				
Accounts, net	360,323	37,954	43,928	18,946
Accrued Interest	42	—	—	—
Accrued Taxes, net	249,872	384,687	58,229	728
Notes/Mortgages, net	8,951	3,783	376	—
Due From Other Funds	19,287	2,395	345	—
Due From Component Units	—	—	—	—
Inventories	—	—	11,473	—
Interfund Loans Receivable	32,520	13	—	—
Other Assets	—	—	—	—
Total Assets	\$ 1,119,610	\$ 625,447	\$ 347,572	\$ 184,649
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 361,551	\$ 59,406	\$ 110,848	\$ 162
Due To Other Funds	12,323	651	4,196	—
Due To Component Units	—	—	—	—
Deferred Revenue	91,757	158,896	26,479	37
Total Liabilities	465,631	218,953	141,523	199
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	113,427	40,225	2,263	—
Specific Purposes by Statute	134,040	22,609	44,225	—
Interfund Loans Receivable	14,893	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated	366,992	262,614	45,560	635
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated	24,627	81,046	114,001	183,815
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Capital Projects Funds	—	—	—	—
Total Fund Balances	653,979	406,494	206,049	184,450
Total Liabilities and Fund Balances	\$ 1,119,610	\$ 625,447	\$ 347,572	\$ 184,649

The Notes to the Financial Statements are an integral part of this statement.

Permanent		
Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
\$ 557	\$ 166,182	\$ 933,177
581,901	244,994	1,103,883
17,115	3,140	481,406
1,478	81	1,601
—	—	693,516
4,800	155	18,065
1,659	1,673	25,359
—	26,179	26,179
—	—	11,473
—	—	32,533
5,570	—	5,570
<u>\$ 613,080</u>	<u>\$ 442,404</u>	<u>\$ 3,332,762</u>
\$ 362	\$ 57,749	\$ 590,078
88	10,981	28,239
—	1,503	1,503
18,379	42,769	338,317
<u>18,829</u>	<u>113,002</u>	<u>958,137</u>
—	283,718	439,633
594,251	40,276	835,401
—	—	14,893
—	13,824	13,824
—	6,755	6,755
—	—	675,801
—	69	69
—	5,881	5,881
—	—	403,489
—	50,075	50,075
—	(71,196)	(71,196)
<u>594,251</u>	<u>329,402</u>	<u>2,374,625</u>
<u>\$ 613,080</u>	<u>\$ 442,404</u>	<u>\$ 3,332,762</u>

State of Utah

Reconciliation of the Balance Sheet — Governmental Funds

To the Statement of Net Assets

June 30, 2005

(Expressed in Thousands)

Total Fund Balances for Governmental Funds \$ 2,374,625

Total net assets reported for governmental activities in the Statement of Net Assets
is different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds: (See Note 8)

Land and Related Non-depreciable Assets	\$ 743,960
Infrastructure, Non-depreciable	7,545,349
Construction-In-Progress	593,573
Buildings, Equipment, and Other Depreciable Assets	1,474,872
Accumulated depreciation	<u>(572,181)</u> 9,785,573

Some of the State's earned revenues will be collected after yearend, but are not
available soon enough to pay for the current period's expenditures, and therefore
are deferred in the funds. 244,456

Internal service funds are used by management to charge the costs of certain
activities, such as insurance, information technology, and fleet operations to
individual funds. The assets and liabilities of the internal service funds are included
in governmental activities in the Statement of Net Assets. 66,417

Bond issue costs are reported as current expenditures in the funds. However, issue
costs are deferred and amortized over the life of the bonds and are included in the
governmental activities in the Statement of Net Assets. 3,953

Long-term liabilities and related accrued interest are not due and payable in the
current period and therefore are not reported in the funds: (See Note 10)

General Obligation and Revenue Bonds Payable	(1,822,406)
Unamortized Premiums	(101,329)
Amount Deferred on Refunding	25,287
Accrued Interest Payable	(1,637)
Compensated Absences	(140,029)
Capital Leases	(20,931)
Contracts Payable	<u>(8,000)</u> (2,069,045)

Total Net Assets of Governmental Activities \$ 10,405,979

The Notes to the Financial Statements are an integral part of this statement.

This page intentionally left blank.

State of Utah

**Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Special Revenue			
	General	Uniform School	Transportation	Centennial Highway
REVENUES				
Taxes:				
Sales and Use Tax	\$ 1,664,352	\$ —	\$ 29,667	\$ 5,617
Individual Income Tax	—	1,946,593	—	—
Corporate Tax	—	209,304	—	—
Motor and Special Fuels Tax	—	—	336,417	—
Other Taxes	234,710	27,241	9,313	—
Total Taxes	<u>1,899,062</u>	<u>2,183,138</u>	<u>375,397</u>	<u>5,617</u>
Other Revenues:				
Federal Contracts and Grants	1,776,555	344,638	197,328	44,282
Charges for Services/Royalties	238,181	1,314	25,661	—
Licenses, Permits, and Fees	17,866	4,546	65,072	20,422
Federal Mineral Lease	82,704	—	—	—
Federal Aeronautics	—	—	34,416	—
Intergovernmental	—	—	—	—
Investment Income	16,483	14,392	4,706	3,137
Miscellaneous and Other	148,015	336	16,982	—
Total Revenues	<u>4,178,866</u>	<u>2,548,364</u>	<u>719,562</u>	<u>73,458</u>
EXPENDITURES				
Current:				
General Government	161,728	—	—	—
Human Services and Youth Corrections	575,046	—	—	—
Corrections, Adult	193,442	—	—	—
Public Safety	161,350	—	—	—
Courts	106,128	—	—	—
Health and Environmental Quality	1,456,282	—	—	—
Higher Education – State Administration	39,121	—	—	—
Higher Education – Colleges and Universities	626,026	—	—	—
Employment and Family Services	415,892	—	—	—
Natural Resources	120,398	—	—	—
Community and Economic Development	86,335	—	—	—
Business, Labor, and Agriculture	74,919	—	—	—
Public Education	—	2,168,798	—	—
Transportation	—	—	678,784	152,953
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	<u>4,016,667</u>	<u>2,168,798</u>	<u>678,784</u>	<u>152,953</u>
Excess Revenues Over (Under) Expenditures	<u>162,199</u>	<u>379,566</u>	<u>40,778</u>	<u>(79,495)</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	47,050
Revenue Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	2,950
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sale of Trust Lands	—	—	—	—
Transfers In	294,313	2,980	48,406	134,345
Transfers Out	(288,486)	(288,872)	(109,216)	(137,851)
Total Other Financing Sources (Uses)	<u>5,827</u>	<u>(285,892)</u>	<u>(60,810)</u>	<u>46,494</u>
Net Change in Fund Balances	<u>168,026</u>	<u>93,674</u>	<u>(20,032)</u>	<u>(33,001)</u>
Fund Balances – Beginning	485,953	313,886	226,081	217,451
Adjustments to Beginning Fund Balances	—	(1,066)	—	—
Fund Balances – Beginning As Adjusted	<u>485,953</u>	<u>312,820</u>	<u>226,081</u>	<u>217,451</u>
Fund Balances – Ending	<u>\$ 653,979</u>	<u>\$ 406,494</u>	<u>\$ 206,049</u>	<u>\$ 184,450</u>

The Notes to the Financial Statements are an integral part of this statement.

Permanent		
Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
\$ —	\$ —	\$ 1,699,636
—	—	1,946,593
—	—	209,304
—	—	336,417
—	4,451	275,715
0	4,451	4,467,665
—	3,983	2,366,786
57,499	8,343	330,998
—	13,476	121,382
—	—	82,704
—	—	34,416
—	4,104	4,104
26,521	6,299	71,538
—	66,375	231,708
84,020	107,031	7,711,301
—	17,163	178,891
—	1,825	576,871
—	4,588	198,030
—	1,722	163,072
—	1,679	107,807
—	5,336	1,461,618
—	—	39,121
—	11,061	637,087
—	1,145	417,037
—	2,797	123,195
—	1,286	87,621
—	10,196	85,115
—	98	2,168,896
—	548	832,285
—	139,488	139,488
—	183,911	183,911
—	89,768	89,768
0	472,611	7,489,813
84,020	(365,580)	221,488
—	93,585	140,635
—	18,430	18,430
—	22,066	22,066
—	9,089	12,039
—	(23,212)	(23,212)
18,070	—	18,070
22	372,923	852,989
—	(14,967)	(839,392)
18,092	477,914	201,625
102,112	112,334	423,113
492,139	217,424	1,952,934
—	(356)	(1,422)
492,139	217,068	1,951,512
\$ 594,251	\$ 329,402	\$ 2,374,625

State of Utah

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds To the Statement of Activities

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds \$ 423,113

The change in net assets reported for governmental activities in the Statement of Net Assets is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are “transferred” to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays \$419,888 exceeded depreciation \$(52,531) and buildings “transferred” to component units \$(18,536) in the current period. (See Note 8) 348,821

In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. (5,779)

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. 49,580

Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 2,843

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets: (See Note 10)

Bonds Issued	\$ (181,131)
Premiums on Bonds Issued	(12,039)
Payment to Refund Bonds	21,189
Amount Deferred on Refunding	2,023
Payment of Bond Principal	152,326
Capital Lease Payments	1,971
	<u>(15,661)</u>

Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

Compensated Absences Expenses	(435)
Accrued Interest on Bonds Payable	(7)
Amortization of Bond Premiums	19,304
Amortization of Amount Deferred on Refunding	(3,702)
Deferred Bond Issue Costs	4
	<u>15,164</u>

Change in Net Assets of Governmental Activities \$ 818,081

The Notes to the Financial Statements are an integral part of this statement.

Proprietary Fund Financial Statements

Student Assistance Programs

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

Unemployment Compensation Fund

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund or from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing revolving fund recapitalization revenue bonds that are secured by notes receivable in the fund and will be repaid from the collection of these notes.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 142.

Governmental Activities—Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 152.

State of Utah

Statement Of Net Assets
Proprietary Funds

June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 84,013	\$ 445,446	\$ 80,407	\$ 142,467
Investments	187,285	—	—	—
Receivables:				
Accounts, net	18,334	75,412	133	7,014
Accrued Interest	15,029	—	4,505	2,923
Notes/Loans/Mortgages, net	199,710	—	27,817	15,367
Due From Other Funds	—	—	32	9,611
Interfund Loans Receivable	—	—	—	20
Prepaid Items	2,465	—	—	25
Inventories	—	—	—	19,604
Deferred Charges	—	—	—	—
Total Current Assets	506,836	520,858	112,894	197,031
Noncurrent Assets:				
Restricted Investments	88,725	—	—	—
Investments	—	—	—	1,050
Prepaid Items	—	—	—	—
Notes/Loans/Mortgages Receivables, net	1,254,576	—	447,209	236,620
Accrued Interest Receivable	—	—	3,888	524
Deferred Charges	22,089	—	—	—
Interfund Loans Receivable	—	—	—	20
Capital Assets:				
Land	—	—	—	22,314
Infrastructure	—	—	—	204
Buildings and Improvements	11,611	—	—	32,213
Machinery and Equipment	1,571	—	—	12,320
Construction in Progress	—	—	—	479
Less Accumulated Depreciation	(1,884)	—	—	(16,674)
Total Capital Assets	11,298	0	0	50,856
Total Noncurrent Assets	1,376,688	0	451,097	289,070
Total Assets	1,883,524	520,858	563,991	486,101
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	14,766	1,284	173	12,124
Deposits	—	122	—	—
Due To Other Funds	—	4,155	87	12,215
Interfund Loans Payable	—	—	—	—
Unearned Revenue	1,973	—	17	1,840
Policy Claims and Uninsured Liabilities	650	3,037	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	144,920	—	—	1,213
Arbitrage Liability	2,103	—	—	—
Total Current Liabilities	164,412	8,598	277	27,392
Noncurrent Liabilities:				
Accrued Liabilities	1,779	—	—	—
Unearned Revenue	5,771	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	2,338	—	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	1,399,958	—	—	30,008
Arbitrage Liability	64,308	—	—	—
Total Noncurrent Liabilities	1,474,154	0	0	30,008
Total Liabilities	1,638,566	8,598	277	57,400
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	908	—	—	27,511
Restricted for:				
Unemployment Compensation and Insurance Programs	—	512,260	—	—
Loan Programs	160,748	—	218,011	37,086
Debt Service	—	—	10	—
Unrestricted (Deficit)	83,302	—	345,693	364,104
Total Net Assets	\$ 244,958	\$ 512,260	\$ 563,714	\$ 428,701

The Notes to the Financial Statements are an integral part of this statement.

Governmental Activities – Internal Service Funds	
Total	
\$ 752,333	\$ 64,816
187,285	—
100,893	2,471
22,457	—
242,894	—
9,643	13,589
20	—
2,490	1,905
19,604	3,923
—	4
1,337,619	86,708
88,725	—
1,050	—
—	347
1,938,405	—
4,412	—
22,089	523
20	—
22,314	17
204	246
43,824	7,323
13,891	175,737
479	526
(18,558)	(108,781)
62,154	75,068
2,116,855	75,938
3,454,474	162,646
28,347	11,085
122	—
16,457	5,006
—	17,660
3,830	1,206
3,687	11,223
—	4
146,133	46
2,103	—
200,679	46,230
1,779	—
5,771	165
—	14,913
2,338	33,450
—	523
1,429,966	948
64,308	—
1,504,162	49,999
1,704,841	96,229
28,419	74,064
512,260	4,814
415,845	2,478
10	—
793,099	(14,939)
\$ 1,749,633	\$ 66,417

State of Utah**Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Proprietary Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services/Premiums	\$ 41,042	\$ 221,298	\$ 459	\$ 179,925
Fees and Assessments	2,131	—	—	3,553
Interest on Notes/Mortgages	42,745	—	9,337	5,242
Federal Reinsurance and Allowances/Reimbursements	20,883	2,152	—	—
Miscellaneous	1,457	—	—	394
Total Operating Revenues	<u>108,258</u>	<u>223,450</u>	<u>9,796</u>	<u>189,114</u>
OPERATING EXPENSES				
Administration	3,695	—	—	24,345
Purchases, Materials, and Services for Resale	—	—	—	102,127
Grants	—	—	8,260	707
Rentals and Leases	—	—	—	1,639
Maintenance	—	—	—	2,046
Interest	38,398	—	—	—
Depreciation	434	—	—	2,110
Student Loan Servicing and Related Expenses	24,127	—	—	—
Payment to Lenders for Guaranteed Claims	21,482	—	—	—
Benefit Claims and Unemployment Compensation	—	142,632	—	—
Supplies and Other Miscellaneous	7,359	—	351	7,214
Total Operating Expenses	<u>95,495</u>	<u>142,632</u>	<u>8,611</u>	<u>140,188</u>
Operating Income (Loss)	<u>12,763</u>	<u>80,818</u>	<u>1,185</u>	<u>48,926</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	8,637	21,892	2,496	2,547
Federal Grants	—	—	7,500	2,910
Gain (Loss) on Sale of Capital Assets	—	—	—	(64)
Tax Revenues	—	—	14,349	525
Interest Expense	—	—	(37)	(1,176)
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	—	—	89	191
Total Nonoperating Revenues (Expenses)	<u>8,637</u>	<u>21,892</u>	<u>24,397</u>	<u>4,933</u>
Income (Loss) before Transfers	<u>21,400</u>	<u>102,710</u>	<u>25,582</u>	<u>53,859</u>
Transfers In	—	—	1,582	36,937
Transfers Out	—	(2,160)	(2,950)	(42,846)
Change in Net Assets	<u>21,400</u>	<u>100,550</u>	<u>24,214</u>	<u>47,950</u>
Net Assets – Beginning	<u>221,079</u>	<u>411,710</u>	<u>539,500</u>	<u>380,751</u>
Adjustments to Beginning Net Assets	<u>2,479</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Assets – Beginning as Adjusted	<u>223,558</u>	<u>411,710</u>	<u>539,500</u>	<u>380,751</u>
Net Assets – Ending	<u><u>\$ 244,958</u></u>	<u><u>\$ 512,260</u></u>	<u><u>\$ 563,714</u></u>	<u><u>\$ 428,701</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Governmental Activities – Internal Service Funds	
Total	
\$ 442,724	\$ 179,352
5,684	—
57,324	—
23,035	—
1,851	96
530,618	179,448
28,040	34,113
102,127	62,550
8,967	409
1,639	5,136
2,046	17,505
38,398	—
2,544	20,216
24,127	—
21,482	—
142,632	11,250
14,924	22,039
386,926	173,218
143,692	6,230
35,572	1,510
10,410	—
(64)	(722)
14,874	—
(1,213)	(41)
—	(67)
280	93
59,859	773
203,551	7,003
38,519	658
(47,956)	(4,818)
194,114	2,843
1,553,040	63,574
2,479	—
1,555,519	63,574
\$ 1,749,633	\$ 66,417

State of Utah

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 54,382	\$ 203,730	\$ 9,370	\$ 211,480
Receipts from Loan Maturities	368,773	—	30,327	21,115
Receipts Federal Reinsurance & Allowances/Reimburse ..	43,858	2,183	—	—
Receipts from State Customers	157	—	—	9,211
Student Loan Disbursements Received from Lenders	344,188	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	(342,851)	—	—	—
Payments to Suppliers/Claims/Grants	(26,853)	(143,805)	(10,569)	(113,741)
Disbursements for Loans Receivable	(559,835)	—	(61,272)	(25,165)
Payments on Loan Guarantees	(29,747)	—	—	—
Payments for Employee Services and Benefits	(3,725)	—	—	(22,584)
Payments to State Suppliers and Grants	(103)	—	(286)	(4,620)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	(29,390)
Net Cash Provided (Used) by Operating Activities	<u>(151,756)</u>	<u>62,108</u>	<u>(32,430)</u>	<u>46,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	7,263
Repayments Under Interfund Loans	—	—	—	(6,428)
Receipts from Bonds, Notes, and Deposits	151,080	30	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(3,710)	(5)	(1,060)	—
Interest Paid on Bonds, Notes, and Financing Costs	(34,561)	—	—	—
Federal Grants and Other Revenues	—	—	7,641	3,105
Restricted Sales Tax	—	—	14,349	525
Transfers In from Other Funds	—	—	1,582	35,343
Transfers Out to Other Funds	—	—	(2,950)	(40,874)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>112,809</u>	<u>25</u>	<u>19,562</u>	<u>(1,066)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	7,343
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	(6,234)
Acquisition and Construction of Capital Assets	(482)	—	—	(7,437)
Interest Paid on Bonds, Notes, and Capital Leases	(6)	—	—	(1,185)
Transfers In from Other Funds	—	—	—	1,593
Transfers Out to Other Funds	—	(2,160)	—	(1,972)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(488)</u>	<u>(2,160)</u>	<u>0</u>	<u>(7,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	673,545	—	—	207
Receipts of Interest and Dividends from Investments	8,629	21,892	2,497	2,548
Payments to Purchase Investments	(621,245)	—	—	—
Net Cash Provided (Used) by Investing Activities	<u>60,929</u>	<u>21,892</u>	<u>2,497</u>	<u>2,755</u>
Net Cash Provided (Used) – All Activities	21,494	81,865	(10,371)	40,103
Cash and Cash Equivalents – Beginning	62,519	363,581	90,778	102,364
Cash and Cash Equivalents – Ending	<u>\$ 84,013</u>	<u>\$ 445,446</u>	<u>\$ 80,407</u>	<u>\$ 142,467</u>

The Notes to the Financial Statements are an integral part of this statement.

Governmental Activities – Internal Service Funds	
Total	
\$ 478,962	\$ 45,054
420,215	2,478
46,041	—
9,368	142,346
344,188	—
(342,851)	—
(294,968)	(66,884)
(646,272)	—
(29,747)	—
(26,309)	(33,723)
(5,009)	(52,827)
(29,390)	—
<hr/>	<hr/>
(75,772)	36,444
<hr/>	<hr/>
7,263	—
(6,428)	—
151,110	535
(4,775)	(1,259)
(34,561)	(6)
10,746	—
14,874	—
36,925	—
(43,824)	(4,818)
<hr/>	<hr/>
131,330	(5,548)
<hr/>	<hr/>
0	(11,450)
7,343	953
0	4,244
(6,234)	(930)
(7,919)	(18,308)
(1,191)	(107)
1,593	658
(4,132)	—
<hr/>	<hr/>
(10,540)	(24,940)
<hr/>	<hr/>
673,752	—
35,566	1,510
(621,245)	—
<hr/>	<hr/>
88,073	1,510
<hr/>	<hr/>
133,091	7,466
619,242	57,350
<hr/>	<hr/>
\$ 752,333	\$ 64,816
<hr/>	<hr/>

Continues

State of Utah**Statement Of Cash Flows
Proprietary Funds****Continued**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 12,763	\$ 80,818	\$ 1,185	\$ 48,926
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	434	—	—	2,110
Interest Expense for Noncapital and Capital Financing	32,872	—	—	—
Miscellaneous Gains, Losses, and Other Items	7,204	—	—	684
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(10,003)	(18,680)	163	2,752
Notes/Accrued Interest Receivables	(201,420)	—	(33,369)	(3,884)
Inventories	—	—	—	(983)
Prepaid Items/Deferred Charges	(23)	—	—	19
Accrued Liabilities/Due to Other Funds	5,500	2,134	(409)	(3,276)
Unearned Revenue/Deposits	917	—	—	(42)
Policy Claims Liabilities	—	(2,164)	—	—
Net Cash Provided (Used) by Operating Activities	<u>\$ (151,756)</u>	<u>\$ 62,108</u>	<u>\$ (32,430)</u>	<u>\$ 46,306</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Increase (Decrease) in Fair Value of Investments	\$ —	\$ —	\$ 10	\$ 8
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 8</u>

The Notes to the Financial Statements are an integral part of this statement.

Governmental	
Activities –	
Internal	
Service	
Funds	
Total	
\$ 143,692	\$ 6,230
2,544	20,216
32,872	—
7,888	—
(25,768)	1,415
(238,673)	2,478
(983)	(256)
(4)	(923)
3,949	1,971
875	1,063
(2,164)	4,250
\$ (75,772)	\$ 36,444

\$ 18	\$ 9
\$ 18	\$ 9

State of Utah

Fiduciary Fund Financial Statements

Pension Trust Funds

These funds are used to account for the activities of the Utah Retirement Systems.

Investment Trust Fund

This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trust Funds

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 162.

State of Utah

**Statement Of Fiduciary Net Assets
Fiduciary Funds**

June 30, 2005

(Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,046,515	\$ 558	\$ 37,468	\$108,352
Receivables:				
Accounts	2,479	—	4,425	202
Contributions	26,710	—	—	—
Investments	380,158	—	—	—
Accrued Interest	—	28,139	—	—
Accrued Assessments	—	—	9,794	—
Due From Other Funds	—	—	1,015	256
Investments:				
Debt Securities	4,464,798	3,980,444	319,251	11,519
Equity Investments	11,200,639	—	879,605	2,039
Venture Capital	552,534	—	—	—
Real Estate	1,673,204	—	—	—
Mortgage Loans	6,659	—	—	—
Invested Securities Lending Collateral	2,369,152	—	—	—
Investment Contracts	50,233	—	—	—
Total Investments	<u>20,317,219</u>	<u>3,980,444</u>	<u>1,198,856</u>	<u>13,558</u>
Capital Assets:				
Land	1,779	—	260	—
Buildings and Improvements	11,050	—	4,501	—
Machinery and Equipment	3,326	—	534	—
Less Accumulated Depreciation	<u>(12,082)</u>	<u>—</u>	<u>(1,260)</u>	<u>—</u>
Total Capital Assets	<u>4,073</u>	<u>0</u>	<u>4,035</u>	<u>0</u>
Total Assets	<u>21,777,154</u>	<u>4,009,141</u>	<u>1,255,593</u>	<u>\$122,368</u>
LIABILITIES				
Accounts Payable	729,797	—	3,277	\$ —
Securities Lending Liability	2,369,152	—	—	—
Due To Other Funds	—	—	160	—
Due To Other Individuals or Groups	—	—	—	33,043
Due To Other Taxing Units	—	—	—	89,325
Unearned Revenue	—	—	334	—
Leave/Postemployment Benefits	5,285	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,000	—	367,315	—
Mortgages Payable	480,000	—	—	—
Total Liabilities	<u>3,589,234</u>	<u>0</u>	<u>371,086</u>	<u>\$122,368</u>
NET ASSETS				
Held in trust for:				
Pension Benefits	16,084,094	—	—	—
Deferred Compensation	2,103,826	—	—	—
Pool Participants	—	4,009,141	—	—
Individuals, Organizations, and Other Governments	—	—	884,507	—
Total Net Assets	<u>\$ 18,187,920</u>	<u>\$ 4,009,141</u>	<u>\$ 884,507</u>	
Participant Account Balance Net Asset Valuation Factor		<u>1.000154</u>		

The Notes to the Financial Statements are an integral part of this statement.

State of Utah

**Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	\$ 223,064	\$ —	\$ 300,176
Employer	435,715	—	—
Court Fees and Fire Insurance Premiums	10,467	—	—
Total Contributions	<u>669,246</u>	<u>0</u>	<u>300,176</u>
Pool Participant Deposits	—	6,854,443	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	1,709,151	(2,092)	45,433
Interest, Dividends, and Other Investment Income	453,365	117,893	22,831
Less Investment Expenses	(43,424)	(101)	—
Net Investment Income	<u>2,119,092</u>	<u>115,700</u>	<u>68,264</u>
Transfers From Affiliated Systems	<u>15,787</u>	—	—
Other Additions:			
Escheats	—	—	20,193
Royalties and Rents	—	—	2,438
Fees, Assessments, and Revenues	—	—	79,382
Miscellaneous	—	—	4,066
Total Other	<u>0</u>	<u>0</u>	<u>106,079</u>
Total Additions	<u>2,804,125</u>	<u>6,970,143</u>	<u>474,519</u>
DEDUCTIONS			
Pension Benefits	578,711	—	—
Refunds/Plan Distributions	105,593	—	—
Earnings Distribution	—	118,854	—
Pool Participant Withdrawals	—	6,357,949	—
Transfers To Affiliated Systems	15,787	—	—
Trust Operating Expenses	—	—	26,614
Distributions and Benefit Payments	—	—	71,265
Administrative and General Expenses	14,840	—	10,425
Total Deductions	<u>714,931</u>	<u>6,476,803</u>	<u>108,304</u>
Change in Net Assets Held in Trust for:			
Pension Benefits	1,834,962	—	—
Deferred Compensation	254,232	—	—
Pool Participants	—	493,340	—
Individuals, Organizations, and Other Governments	—	—	366,215
Net Assets – Beginning	16,098,726	3,837,851	518,292
Adjustments to Beginning Net Assets	—	(322,050)	—
Net Assets – Beginning as Adjusted	<u>16,098,726</u>	<u>3,515,801</u>	<u>518,292</u>
Net Assets – Ending	<u>\$ 18,187,920</u>	<u>\$ 4,009,141</u>	<u>\$ 884,507</u>

The Notes to the Financial Statements are an integral part of this statement.

Component Unit Financial Statements

Utah Housing Corporation

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds, which are repaid from the interest and principal payments made on mortgages.

Public Employees Health Program

This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

Nonmajor Component Units

Nonmajor component units are presented beginning on page 174.

State of Utah

**Combining Statement Of Net Assets
Component Units**

June 30, 2005

(Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 478,046	\$ 222	\$ 491,679	\$ 57,872
Investments	—	76,519	80,061	126,897
Receivables:				
Accounts, net	—	35,240	203,518	46,643
Notes/Loans/Mortgages/Pledges, net	13,727	—	7,419	14,256
Accrued Interest	4,927	1,182	1,508	—
Due From Primary Government	—	—	1,503	—
Prepaid Items	1,491	10,079	—	1,388
Inventories	—	—	27,591	3,227
Deferred Charges	—	—	8,902	—
Total Current Assets	<u>498,191</u>	<u>123,242</u>	<u>822,181</u>	<u>250,283</u>
Noncurrent Assets:				
Restricted Investments	92,553	—	297,167	52,547
Accounts Receivables, net	—	—	—	—
Investments	122,005	116,433	178,748	7,344
Notes/Loans/Mortgages/Pledges Receivables, net	858,361	—	57,628	7,077
Deferred Charges	9,557	—	16,199	—
Other Assets	5,395	—	—	—
Capital Assets (net of Accumulated Depreciation)	6,713	925	1,094,780	385,866
Total Noncurrent Assets	<u>1,094,584</u>	<u>117,358</u>	<u>1,644,522</u>	<u>452,834</u>
Total Assets	<u>1,592,775</u>	<u>240,600</u>	<u>2,466,703</u>	<u>703,117</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	49,373	11,099	110,688	40,017
Securities Lending Liability	—	42,345	—	—
Deposits	—	—	77,390	276
Due To Primary Government	—	—	8,389	4,815
Unearned Revenue	—	7,997	23,816	22,606
Current Portion of Long-term Liabilities (Note 10)	120,887	62,696	22,899	9,453
Total Current Liabilities	<u>170,260</u>	<u>124,137</u>	<u>243,182</u>	<u>77,167</u>
Noncurrent Liabilities:				
Accrued Liabilities	626	—	—	—
Unearned Revenue	—	—	—	1,190
Deposits	—	—	11,345	—
Due To Primary Government	—	—	9,765	—
Long-term Liabilities (Note 10)	1,221,768	44,700	339,706	120,095
Total Noncurrent Liabilities	<u>1,222,394</u>	<u>44,700</u>	<u>360,816</u>	<u>121,285</u>
Total Liabilities	<u>1,392,654</u>	<u>168,837</u>	<u>603,998</u>	<u>198,452</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,168	925	760,338	317,621
Restricted for:				
Nonexpendable:				
Higher Education	—	—	275,041	66,376
Expendable:				
Higher Education	—	—	338,865	76,418
Debt Service	167,813	—	—	—
Insurance Plans	—	70,838	—	—
Other	—	—	—	—
Unrestricted	<u>30,140</u>	<u>—</u>	<u>488,461</u>	<u>44,250</u>
Total Net Assets	<u>\$ 200,121</u>	<u>\$ 71,763</u>	<u>\$ 1,862,705</u>	<u>\$ 504,665</u>

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component	
Units	Total
\$ 140,895	\$ 1,168,714
29,563	313,040
24,081	309,482
5,409	40,811
597	8,214
—	1,503
4,644	17,602
9,440	40,258
346	9,248
<u>214,975</u>	<u>1,908,872</u>
104,448	546,715
892	892
67,070	491,600
40,886	963,952
—	25,756
7,202	12,597
<u>801,477</u>	<u>2,289,761</u>
<u>1,021,975</u>	<u>4,331,273</u>
<u>1,236,950</u>	<u>6,240,145</u>
24,216	235,393
—	42,345
1,156	78,822
1,878	15,082
16,167	70,586
22,925	238,860
<u>66,342</u>	<u>681,088</u>
—	626
—	1,190
798	12,143
1,332	11,097
<u>105,924</u>	<u>1,832,193</u>
<u>108,054</u>	<u>1,857,249</u>
<u>174,396</u>	<u>2,538,337</u>
701,239	1,782,291
72,337	413,754
142,264	557,547
—	167,813
—	70,838
41	41
<u>146,673</u>	<u>709,524</u>
<u><u>\$ 1,062,554</u></u>	<u><u>\$ 3,701,808</u></u>

State of Utah**Combining Statement Of Activities
Component Units**

For the Fiscal Year Ended June 30, 2005

(Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	\$ 71,223	\$ 483,552	\$ 1,826,662	\$ 416,469
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	145,214	83,389
Scholarship Allowances	—	—	(13,025)	(22,411)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$34,696)	78,121	479,887	1,213,568	49,685
Operating Grants and Contributions	—	5,578	375,554	166,244
Capital Grants and Contributions	—	—	33,444	5,022
Total Program Revenues	<u>78,121</u>	<u>485,465</u>	<u>1,754,755</u>	<u>281,929</u>
Net (Expenses) Revenues	<u>6,898</u>	<u>1,913</u>	<u>(71,907)</u>	<u>(134,540)</u>
General Revenues:				
State Appropriations	—	—	238,756	131,586
Unrestricted Investment Income	—	—	—	—
Permanent Endowments Contributions	—	—	11,390	1,122
Total General Revenues	<u>0</u>	<u>0</u>	<u>250,146</u>	<u>132,708</u>
Change in Net Assets	<u>6,898</u>	<u>1,913</u>	<u>178,239</u>	<u>(1,832)</u>
Net Assets – Beginning	193,223	69,850	1,684,466	504,334
Adjustment to Capital Assets Classification	—	—	—	2,163
Reclassify Entity as Component Unit	—	—	—	—
Net Assets – Beginning as Adjusted	<u>193,223</u>	<u>69,850</u>	<u>1,684,466</u>	<u>506,497</u>
Net Assets – Ending	<u><u>\$ 200,121</u></u>	<u><u>\$ 71,763</u></u>	<u><u>\$ 1,862,705</u></u>	<u><u>\$ 504,665</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component	
Units	Total
\$ 725,588	\$ 3,523,494
225,413	454,016
(39,387)	(74,823)
103,682	1,924,943
145,880	693,256
53,218	91,684
<u>488,806</u>	<u>3,089,076</u>
<u>(236,782)</u>	<u>(434,418)</u>
306,223	676,565
1,061	1,061
4,874	17,386
<u>312,158</u>	<u>695,012</u>
<u>75,376</u>	<u>260,594</u>
975,765	3,427,638
—	2,163
11,413	11,413
<u>987,178</u>	<u>3,441,214</u>
<u>\$ 1,062,554</u>	<u>\$ 3,701,808</u>

State of Utah

Notes to the Financial Statements

Fiscal Year Ended June 30, 2005

Index to the Notes To The Financial Statements	Page
1. Summary of Significant Accounting Policies	57
A. Reporting Entity	57
B. Government-wide and Fund Financial Statements	58
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation..	58
D. Fiscal Year Ends.....	60
E. Assets, Liabilities, and Net Assets/Fund Balances.....	60
F. Revenues and Expenditures/Expenses.....	62
G. Interfund Transactions	63
2. Beginning Net Asset Adjustments and Other Changes.....	63
3. Deposits and Investments	64
A. Primary Government.....	64
B. Component Units	70
C. Securities Lending	71
D. Derivative Financial Instruments	72
4. Investment Pool.....	74
5. Receivables.....	78
6. Accounts Payable and Accrued Liabilities	79
7. Interfund Balances and Loans	80
8. Capital Assets	81
9. Lease Commitments	84
10. Long-term Liabilities	85
A. Changes in Long-term Liabilities	85
B. General Obligation Bonds	85
C. Revenue Bonds	87
D. Conduit Debt Obligations.....	91
E. Demand Bonds	91
F. Defeased Bonds and Bond Refunding	91
G. Contracts Payable	92
H. Notes Payable	92
I. Debt Service Requirements for Derivatives.....	93
11. Governmental Fund Balances and Net Assets Restricted by Enabling Legislation	94
A. Governmental Fund Balances – Reserved and Designated.....	94
B. Net Assets Restricted by Enabling Legislation.....	95
12. Deficit Net Assets and Fund Balance	95
13. Interfund Transfers	96
14. Litigation, Contingencies, and Commitments.....	97
A. Litigation	97
B. Contingencies	97
C. Commitments.....	97
15. Joint Venture	98
16. Pension Plans.....	98
A. Utah Retirement Systems.....	98
B. Teachers Insurance and Annuity Association-College Retirement Equities Fund...	102
17. Postemployment Benefits	103
18. Risk Management and Insurance	103
19. Subsequent Events.....	104